GLOBEX RESOURCES LTD.

annual report 2001

Globex Resources Ltd. is a Calgary-based, oil and gas producer in Western Canada, where the Company continues to enhance its reserves and production base through exploration and development drilling and strategic acquisitions. For the medium to long-term growth, the Company is exploring high impact natural gas prospects in the Province of New Brunswick.

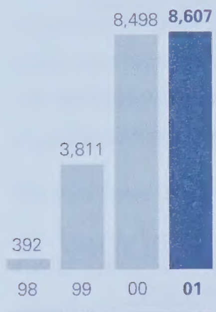
The common shares of Globex trade on the TSX Venture Exchange, under the symbol "GBX". As of May 1, 2002, the Company had 9.2 million common shares issued and outstanding.

Contents

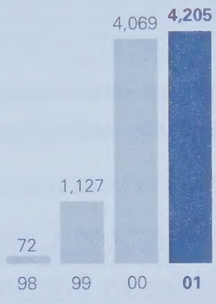
Photo of Case Settlement C-82 drilling operation in New Brunswick.

2001 *HIGHLIGHTS*

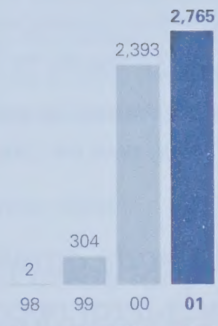
- *record earnings and cash flow*
- *steady growth in Western Canada*
- *high impact opportunities in Eastern Canada*



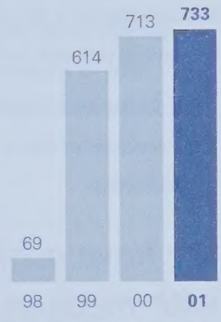
Revenue $m



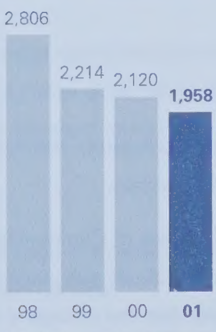
Cash Flow $m



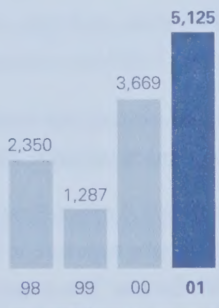
Earnings $m



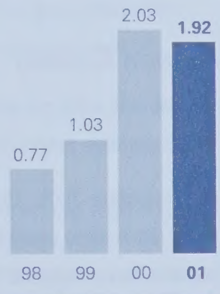
Production boe/d



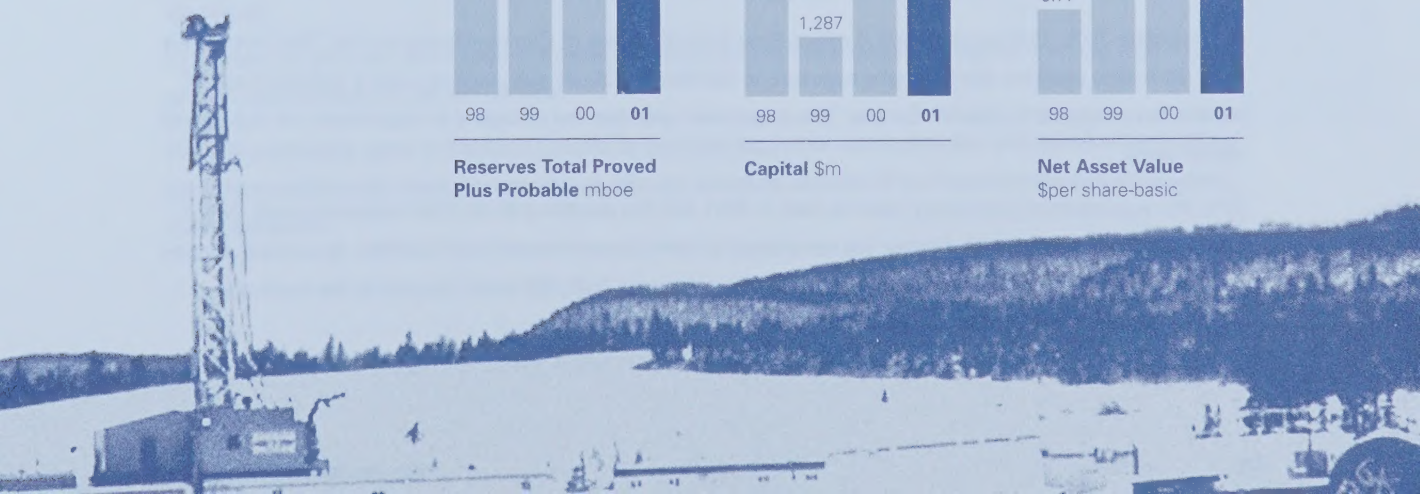
Reserves Total Proved Plus Probable mboe



Capital $m



Net Asset Value
$per share-basic



MESSAGE *TO SHAREHOLDERS*

In the year 2001, Globex achieved important milestones to realize several corporate goals that contributed to our growth and profitability. Globex achieved record levels of production, revenues, cash flow, earnings, capital expenditures and asset sales and accomplished this entirely without debt.

We completed a $2 million expenditure commitment to earn a significant land position in the Province of New Brunswick which has firmly positioned the Company for growth in Eastern Canada.

With $2.9 million in divestments in Western Canada, total property sales reached $4.5 million, exceeding total acquisition costs of $4.2 million since the Company's inception, while still maintaining record levels of production.

We have achieved steady growth in Western Canada combined with medium to long-term opportunities in Eastern Canada.

With a strong balance sheet and expanded interests in Eastern Canada, Globex is positioned to realize significant corporate growth.

Eastern Canada

Consistent with our strategy of developing high impact growth prospects, we have acquired over a period of 15 months assets in Eastern Canada valued in excess of $4 million.

In December 2000, Globex acquired 1.5 million flow through shares of Corridor Resources Inc. This investment of $1.65 million provides the Company exposure to Corridor's McCully gas discovery and a large portfolio of exploration prospects in Eastern Canada. The investment provides the Company an opportunity for substantial capital gains.

With the acquisition of proprietary seismic data in 2001 and the spudding of the first exploration well, which finished drilling in early 2002, Globex has completed its farm-in commitment with Corridor. As a result, Globex has earned a 50% working interest in three exploration licences (106,700 acres) located to the north and west of Sussex in the Province of New Brunswick.

We now have several exploration prospects in New Brunswick for large reserves of natural gas close to pipelines and markets.

Western Canada

Globex has consistently increased its oil and gas production, while significantly reducing its number of properties. Through prudent management of our properties, the Company has successfully offset natural production declines as well as the sale of production volumes. In 2001, even after divestments of over 135 boe/d and production declines, we increased our average production to 733 boe/d from 713 boe/d a year earlier. This was primarily achieved by drilling.

We now have reduced our property count to 46 from 93 a year earlier.

Five properties, which are now focus areas for production and growth, account for 50% of the Company's production. We operate in three of these areas.

In 2001, the Company achieved a record level of revenues, cash flow, earnings and oil and gas production. We are especially proud that in spite of record capital expenditures of $5.1 million in an environment of softer commodity prices, we remained debt-free.

Outlook

We expect to grow our asset base in Western Canada and will move quickly to capitalize on our high impact growth opportunities in Eastern Canada.

We will continue to grow in Western Canada by participating in low risk exploration and development drilling prospects and through strategic acquisitions. We are allocating at least 75% of capital expenditures towards these programs.

With our strong balance sheet, we are prepared to pursue high risk/high reward prospects. In New Brunswick, we are evaluating the results of our first exploration well and our proprietary seismic data to plan further drilling on our earned lands. We remain encouraged with the recent drilling successes achieved by other operators adjacent to our acreage.

We will respond quickly to capitalize on attractive opportunities in New Brunswick as they develop.

We have established a capital expenditure budget of $4 million in 2002, which is expected to be funded substantially from internal cash flow. In addition, we will selectively use our credit lines for property acquisitions.

We continue to maintain our net asset value in spite of softer commodity prices and a larger allocation of capital towards medium to long-term revenue producing projects in Eastern Canada.

In terms of return on investment, our original shareholder equity investment has grown over fivefold.

We raised $3.0 million in 1997-98 that has grown at year-end 2001 to an asset value of over $17.6 million or $1.92 per share.

We thank our shareholders, our Board of Directors and our experienced team of technical and financial experts for their continued support for completing another record year of performance.

Ashok Bhasin

Ash Bhasin
President and Chief Executive Officer

May 01, 2002

OPERATIONS *REVIEW*

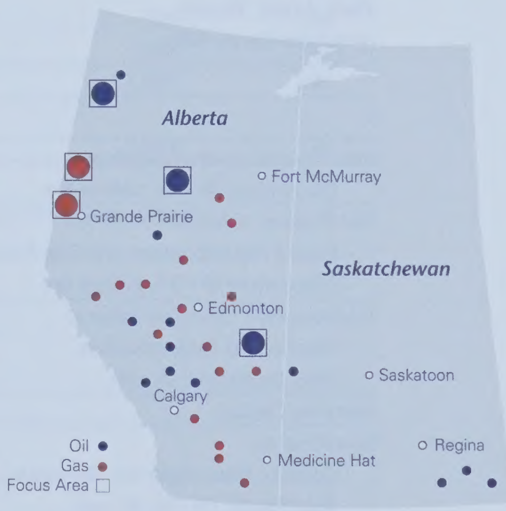
During the year 2001, Globex's property portfolio changed significantly. In Western Canada, the Company has identified five focus areas for further growth in reserves and production. Even after the sale of approximately 135 boe/d during the year, Globex's production increased to an average of 733 boe/d compared to 713 boe/d in 2000. In New Brunswick, with the expenditure of over $2 million on seismic and drilling by the end of February 2002, Globex has fulfilled its farm-in commitments with Corridor Resources Inc. and has earned a 50% working interest in 106,700 acres of undeveloped land adjacent to the McCully gas field.

Globex in Western Canada

Globex's five focus areas are Balsam, Bellshill Lake, Gordondale/Pouce Coupe South, Red Earth and Rainbow South. These areas accounted for 50% of the Company's total production in 2001. A number of wells in three of the five areas are Globex operated and represent approximately one-third of the Company's exit production.

Another 14% of Globex's total production in 2001 was realized from a diverse base of royalty interest properties, with the remaining 36% realized from 28 non-operated working interest properties.

During 2001, Globex participated in drilling 9 wells (1.90 net) resulting in 2 oil wells (0.40 net), 4 gas wells (0.93 net), 2 dry holes (0.32 net) and 1 suspended gas well (0.25 net) pending further evaluation. Reserves and production were primarily added for oil at Bellshill Lake and for natural gas at Balsam.



Globex also benefited from 4 new wells (0.29 net) drilled on the Northminster North royalty property in Saskatchewan.

Globex continued its efforts to further rationalize the Company's properties in Western Canada. Divestment of non-core properties during 2001 generated $2.9 million in cash and reduced the Company's property count to 46 from 93 at year-end 2000. Since commencement of operations in 1997, Globex has realized $4.5 million from property sales, exceeding the $4.2 million it spent on property acquisitions over the same period of time.

Having completed most of its property rationalization program, Globex will continue to increase its reserves and production in Western Canada through exploration and development drilling and strategic acquisitions. Our objective is to increase the Company's oil and gas production to over 1000 boe/d. With continued strong cash flow and available bank financing, the Company is well positioned to capitalize on attractive opportunities to achieve its objective by year-end 2002.

Since commencement of operations in 1997, the Company has spent $9.6 million (net of $4.5 million in disposition proceeds) to establish a proven reserve base of 2.3 million boe (including 0.8 million boe of production to year-end 2001). After allowing for future development, abandonment and site restoration costs, the Company's acquisition, finding and development cost to date, on a proven reserve basis, is $5.11 per boe. Since 1997, Globex's production has steadily increased to over 700 boe/d.

Net Asset Value

As at December 31, 2001

	Total Proved ($000)	*Total Proved Plus Half Probable ($000)*
Net Present Value of Reserves		
Discounted @ 15% before tax	11,644	12,741
Net Present Value of		
Future Abandonment and Site Restoration		
Discounted @ 15% before tax	(328)	(359)
Undeveloped Land and Seismic		
Alberta and Saskatchewan	613	613
New Brunswick @ cost	1,310	1,310
Working Capital	267	267
Investments		
Corridor Resources Inc. @ market value	2,925	2,925
Asia Pacific Oil Ltd. @ cost	100	100
Net Asset Value	16,531	17,597
Per Share		
Basic	$ 1.80	$ 1.92
Fully Diluted	$ 1.78	$ 1.88

Production

New production resulting from the 2001 capital program successfully offset declines in production from producing properties and production sold through significant property dispositions. The Company's exit production increased slightly to 719 boe/d.

Exit Production Summary	*Oil and NGL bbls/d*	*Natural Gas mcf/d*	*Total boe/d*
Average December 2000 Production	261	2,740	718
Additions			
Drilling, Recompletions and Workovers	103	1,058	279
Property Acquisitions	22	1	22
	125	1,059	302
Reductions			
Production Declines	68	599	168
Property Divestitures	25	646	133
	93	1,245	301
Average December 2001 Production	293	2,554	719

The Company's average production for 2001 increased to 733 boe/d from 713 boe/d in 2000.

Reserves

At year-end, Globex's total proved plus probable reserves totalled 2.0 million boe. With a record level of property sales in Western Canada during 2001, year-end total proved plus probable reserves in Western Canada are down 7.6%.

	Total Proved mboe	*Total Proved Plus Probable mboe*
Reserves at December 31, 2000	1,562	2,120
Additions		
Drilling, Recompletions and Workovers	186	369
Property Acquisitions	350	412
	536	781
Reductions		
Production	268	268
Property Divestitures	264	525
	532	793
Net Revisions	(97)	(150)
Reserves at December 31, 2001	1,469	1,958

Approximately 10% of the Company's year-end reserves are royalty interest reserves.

The sales volumes and net present values of the Company's petroleum and natural gas reserves have been evaluated as at December 31, 2001 by independent engineering consultants, Paddock Lindstrom & Associates Ltd. The reserves presented in the following table represent Globex's share of sales volumes before royalty burdens, and net present values before income taxes.

Reserve Summary

	Remaining Recoverable Reserves		Net Present Values (incl. ARTC)		
	Oil and NGL	*Gas Sales*		*Discounted ($000)*	
Reserve Category	*MSTB*	*MMCF*	*10%*	*12%*	*15%*
Proved Producing	443.5	3,037.2	9,812.7	9,287.2	8,615.8
Proved Non-Producing	19.3	2,919.4	3,522.8	3,281.1	2,962.0
Proved Undeveloped	0.0	81.7	88.9	78.6	66.6
Total Proved	462.8	6,038.3	13,424.4	12,646.9	11,644.4
Probable	154.7	2,006.4	2,815.4	2,535.3	2,192.2
Total Proved Plus Probable	617.5	8,044.7	16,239.8	15,182.2	13,836.6
50% Reduction on Probable	77.3	1,003.2	1,407.7	1,267.7	1,096.1
Total Proved Plus Half Probable	540.2	7,041.5	14,832.1	13,914.5	12,740.5

On a proven basis, natural gas represents approximately two-thirds and crude oil and natural gas liquids represent approximately one-third of the Company's year-end reserves. On a barrel of oil equivalent basis, 90% of the Company's year-end proven reserves are in Alberta while 10% are in Saskatchewan.

The associated pricing assumptions as of January 1, 2002 determined by Paddock Lindstrom & Associates Ltd., Globex's independent engineers, are as follows:

Pricing Assumptions

As of January 1, 2002

	Crude Oil WTI @ Cushing ($US/bbl)	*Natural Gas @ AECO ($Cdn/mmbtu)*	*Exchange Rate (Cdn/US)*
2002	21.00	3.76	0.63
2003	21.50	4.30	0.64
2004	21.93	4.43	0.65
2005	22.37	4.50	0.65
2006	22.82	4.56	0.65

Undeveloped Lands

At year-end, Globex's undeveloped land holdings in Western Canada reduced to 3,318 net acres. The following table summarizes Globex's current undeveloped land interests in Western Canada.

	Gross Acres	*Net Acres*
Alberta	10,160	3,247
Saskatchewan	280	71
Total	10,440	3,318

Globex in Eastern Canada

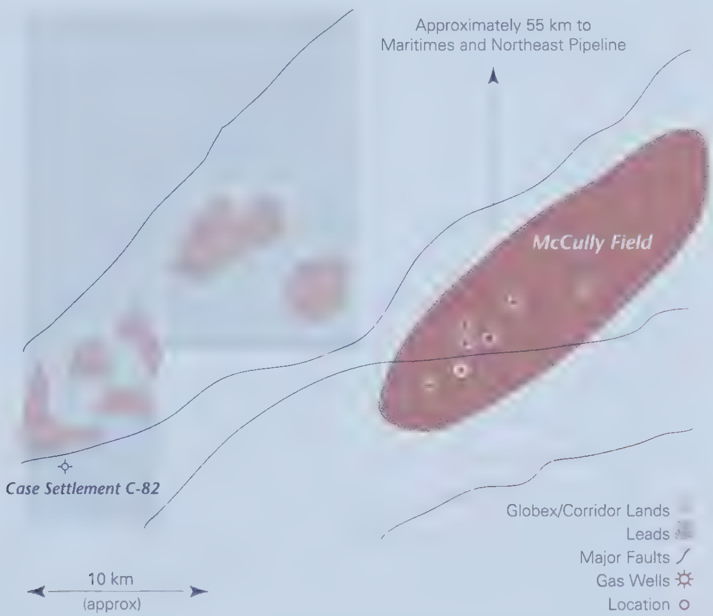
Consistent with its strategy of developing high impact growth prospects, Globex has spent approximately $4 million in Eastern Canada over a period of 15 months, from December 2000 to February 2002.

In December 2000, Globex spent $1.65 million to acquire 1.5 million shares of Corridor at $1.10 per share on a flow through basis. This investment provides the Company an opportunity for substantial capital gains through Corridor's working interest in the McCully gas discovery in New Brunswick as well as Corridor's large number of exploration prospects throughout Eastern Canada. At year-end, our corporate investment in Corridor represented over 4% of Corridor's issued and outstanding shares and was valued at $2.9 million based on the closing market price of the shares on the last trading day of the year.

On a joint venture basis, Globex spent another $1.3 million on seismic and initial drilling costs in 2001, and an additional $1 million is estimated to have been spent during the first two months of 2002 to complete the drilling of the Case Settlement C-82 well. Globex has now satisfied its $2 million farm-in commitment to earn a 50% working interest in three exploration licences held by Corridor Resources Inc. The three licences cover an area of 106,700 acres and are located to the north and west of the town of Sussex, New Brunswick. The exploration licences are in close proximity to the Maritimes & Northeast Pipeline, which delivers natural gas from offshore fields in the Sable Island area to markets in the Maritimes and northeastern United States.

Exploration in New Brunswick

Based on the 145 kilometers of new 2-D seismic data obtained in 2001, Globex and Corridor identified several exploration leads on the licences and agreed to drill a well to test the Case Settlement prospect, located approximately 22 kilometers southwest of the McCully gas discovery. The Case Settlement C-82 well was spud in December 2001 and continued drilling over year-end. The well reached a total depth of 2,123 meters after encountering minor shows of natural gas and was subsequently abandoned in February 2002. Case Settlement C-82 is the first deep stratigraphic test well drilled on the farm-in lands, and the valuable information obtained will be used to further assess other leads in the area. Having now fully earned a 50% working interest in the Corridor licences, the timing of future exploration activities will be guided by Globex's assessment of other leads on the lands and by the results of ongoing activities of other companies in the immediate area, particularly relating to the delineation and development of the nearby McCully gas discovery. At year-end, the licences jointly held with Corridor have a remaining term of 12 years.



MANAGEMENT'S *DISCUSSION AND ANALYSIS*

Management's Discussion and Analysis of Globex's financial position and results of its operations should be read in conjunction with the financial statements presented in this Annual Report. Globex is continuing its practice of stating barrels of oil equivalent (boe) by using a ratio of six thousand cubic feet of natural gas to one barrel of oil.

Overview

During 2001, Globex further expanded its exploration activities in the Province of New Brunswick while continuing to enhance its reserves and production in Western Canada. The sale of Globex's properties in Western Canada strengthened Globex's balance sheet and significantly enhanced its cash position and earnings. Globex's $2 million farm-in commitment in New Brunswick was completed in February 2002, with the acquisition of seismic data and the drilling of an exploration well which was spud in December 2001 and abandoned in February 2002. As a result, Globex has earned a 50% working interest in three exploration licences (106,700 acres) located to the north and west of Sussex in the Province of New Brunswick. Globex plans a balanced approach, whereby it is now focused for short-term growth in Western Canada and medium to long-term growth in Eastern Canada.

Revenues and Production

Globex's crude oil and natural gas revenues increased marginally to $8,606,558 in 2001 from $8,498,214 in 2000, resulting from increased oil production and increased natural gas prices offset by reduced gas volumes and reduced oil prices. The average crude oil and NGL price for 2001 was down to $32.30 per barrel from $39.26 per barrel in 2000. Oil and NGL production during 2001 increased to 329 bbls/d compared to 261 bbls/d in 2000. Natural gas sales realized an average price of $5.40 per mcf on production of 2.4 mmcf/d compared to $4.88 per mcf on production of 2.7 mmcf/d. Globex's average production in 2001 increased to 733 boe/d from 713 boe/d in 2000 even after the sale of producing properties which accounted for 135 boe/d.

Globex's production mix in 2001 was 55% natural gas and 45% oil and NGL. In 2000, the production mix was 63% natural gas and 37% oil and NGL.

Royalties

Royalties net of ARTC were $1,622,861 for 2001 compared to $1,495,881 for 2000. This increase is attributable to higher oil production and additional gross overriding royalties on new wells. As a percentage of production revenue, royalties were 18.9% in 2001 versus 17.6% in 2000.

Operating Costs

Higher production volumes and more workovers resulted in operating costs increasing to $1,672,113 in 2001 from $1,489,396 in 2000. On a boe basis, operating costs increased 9.5% to $6.25 per boe in 2000 from $5.71 per boe a year earlier.

General and Administrative Expenses

General and administrative expenses increased marginally in 2001 to $767,409 from $754,919 in 2000. However, on a boe basis, general and administrative expenses reduced modestly to $2.87 per boe in 2001 from $2.89 per boe in 2000.

Depletion, Depreciation and Site Restoration

Depletion, depreciation and site restoration expenses increased to $1,496,922 in 2001 from $999,247 in 2000 as a direct result of higher production and an increased capital asset base. On a boe basis, depletion, depreciation and site restoration for 2001 increased 46% to $5.59 versus $3.83 in 2000. This was primarily due to increased industry costs and expenditures associated with the re-entry of a deep foothills well, which is currently suspended, pending further evaluation. Exploration expenditures related to exploration in New Brunswick are not included here since it is still an undeveloped area.

Current and Future Taxes

In 2001, Globex paid current taxes of $344,551 (2000 – $646,825) and the future tax provision was $1,504,057 (2000 – $676,929). The overall increase in taxes is a direct result of the higher net operating income, primarily due to a gain on the sale of Globex's interests in the Province of British Columbia. The Company reduced its current tax obligations for 2001 as a result of increased seismic and exploration drilling expenditures.

Cash Flow from Operations and Earnings

Cash flow from operations increased 3.4% to $4,205,365 during 2001 from $4,068,930 in 2000. Cash flow on a per share basis increased to 46 cents per share in 2001 from 43 cents per share in 2000. Earnings increased to $2,764,936 during 2001 from $2,392,754 in 2000. Earnings on a per share basis increased to 30 cents per share in 2001 compared to 25 cents per share in 2000.

Liquidity and Capital Resources

With the sale of properties in British Columbia, Globex eliminated its debt and increased its cash reserves. In addition, the Company funded its record $5.1 million capital program from internal cash flow and property divestments. The Company currently has an available line of credit of $4,600,000.

During the year, the option holders holding in aggregate 965,000 options to purchase an equivalent amount of common shares of the Corporation from the treasury, exercised the "Put Right" option. As a result, the Corporation disbursed $837,900 in exchange for the cancellation of the then existing stock options. An amount of $566,923, which is net of current income tax relief of $270,977, has been charged directly to retained earnings. For further details refer to the accompanying notes to the financial statements. In addition, the Company acquired 33,000 common shares under its normal course issuer bid at an average price of $1.05 resulting in a cash outlay of $34,590. Globex's number of shares outstanding were 9,187,000 at year-end 2001.

Globex intends to continue funding its capital program substantially from internal cash flow, with the flexibility of drawing on available lines of credit for low risk development or acquisition opportunities. The 2001 capital budget has been set at $4.0 million and will be financed primarily through internal cash flow.

The Company's financial position is strong and therefore has the flexibility to capitalize on available investment opportunities.

Capital Expenditures

Capital expenditures for 2001 totalled $5,125,247 compared to $3,668,770 in 2000 as follows:

	2001	*2000*
Drilling and Completions	**$ 2,540,402**	$ 2,222,040
Production Facilities and Well Equipment	**845,830**	863,739
Seismic	**1,032,338**	59,802
Land	**83,674**	190,531
Acquisitions	**450,000**	161,500
Capitalized General and Administrative Cost	**173,003**	169,103
Other	**—**	2,055
	$ 5,125,247	$ 3,668,770

Business Risks

Companies active in the Canadian oil and natural gas industry are exposed to a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing oil and natural gas reserves economically, marketing production, hiring and retaining employees and conducting operations in a cost-effective manner. Globex mitigates these risks by hiring and contracting highly skilled professionals with proven expertise in their field. The Company maintains an insurance program that is consistent with industry practice. Globex also reduces risk by maintaining an inventory of internally generated prospects, for both oil and natural gas within strategically selected core geographic areas, operating joint venture prospects and using leading-edge technology.

Financial risks include commodity prices, interest rates and the Canadian/US exchange rate, all of which are beyond the Company's internal control. The Company manages its exposure to commodity pricing and exchange rate fluctuations through hedges where appropriate. In addition, the Company minimizes interest rate risk through prudent management of cash flow, bank and equity financing.

Safety and Environment

Globex is subject to various regulatory risks, many of which are beyond the Company's control. Globex takes a proactive approach with respect to environmental and safety matters and also has an operational emergency response plan in place.

MANAGEMENT'S *REPORT*

The accompanying financial statements and all information in this annual report are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies described in the notes to the financial statements. The financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information contained elsewhere in this annual report has been reviewed to ensure consistency with that in the financial statements.

Management maintains a system of internal accounting controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguarding of assets.

External auditors, appointed by the shareholders of the Corporation, have examined the financial statements and have expressed an opinion on the statements. Their report is included with the financial statements.

The Board of Directors of the Corporation has established an Audit Committee, consisting of non-management directors, to review these statements with management and the auditors. The Audit Committee has approved these statements on behalf of the Corporation's Board of Directors.

Ashok Bhasin

Ash Bhasin
President and Chief Executive Officer
and Chief Financial Officer

March 28, 2002

G B de Boon

George de Boon
Vice President and
Chief Operating Officer

AUDITORS' REPORT *TO THE SHAREHOLDERS*

We have audited the balance sheets of Globex Resources Ltd. as at December 31, 2001 and 2000 and the statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada

March 15, 2002

BALANCE *SHEETS*

December 31, 2001 and 2000

	2001	2000
Assets		
Current assets:		
Cash	**$ 681,500**	$ 24,983
Accounts receivable	**2,150,549**	1,616,804
Prepaid expenses	**31,699**	23,280
	2,863,748	1,665,067
Investment *(note 3)*	**1,750,000**	1,750,000
Capital assets *(note 4)*	**8,194,186**	5,666,027
	$12,807,934	$ 9,081,094
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 2,597,020**	$ 1,447,898
Long-term debt *(note 5)*	**—**	1,242,000
Provision for future site restoration	**206,704**	63,466
Future income taxes	**3,040,066**	1,536,009
Shareholders' equity:		
Share capital *(note 6)*	**2,776,512**	2,777,484
Retained earnings	**4,187,632**	2,014,237
	6,964,144	4,791,721
	$12,807,934	$ 9,081,094

See accompanying notes to financial statements.

On behalf of the Board:

Dinesh Dattani
Director

Roger Rector
Director

STATEMENTS OF OPERATIONS *AND RETAINED EARNINGS*

Years ended December 31, 2001 and 2000

	2001	2000
Revenues		
Oil and gas sales	**$ 8,606,558**	$ 8,498,214
Royalties (net of ARTC)	**(1,622,861)**	(1,495,881)
	6,983,697	7,002,333
Interest	**64,301**	21,455
Gain on sale of capital assets	**1,560,904**	—
	8,608,902	7,023,788
Expenses		
Operating	**1,672,114**	1,489,396
General and administrative	**767,409**	754,919
Interest and bank charges	**58,913**	63,718
Provision for site restoration	**200,794**	133,200
Depreciation and depletion	**1,296,128**	866,047
	3,995,358	3,307,280
Earnings before income taxes	**4,613,544**	3,716,508
Income taxes *(note 7)*		
Current	**344,551**	646,825
Future	**1,504,057**	676,929
	1,848,608	1,323,754
Net earnings for the year	**2,764,936**	2,392,754
Repurchase common shares pursuant to normal course issuer bid	**(24,618)**	(292,409)
Change in accounting policy for income taxes	**—**	(385,809)
Stock options purchased for cancellation (net of tax of $270,977)	**(566,923)**	—
Retained earnings, beginning of year	**2,014,237**	299,701
Retained earnings, end of year	**$ 4,187,632**	$ 2,014,237
Earnings per share		
Basic	**$ 0.30**	$ 0.25
Diluted	**$ 0.29**	$ 0.23

See accompanying notes to financial statements.

STATEMENTS *OF CASH FLOWS*

Years ended December 31, 2001 and 2000

	2001	2000
Cash provided by (used in):		
Operations		
Net earnings for the year	**$ 2,764,936**	$ 2,392,754
Items not involving cash:		
Depreciation and depletion	**1,296,128**	866,047
Provision for site restoration	**200,794**	133,200
Future income taxes	**1,504,057**	676,929
Gain on sale of capital assets	**(1,560,550)**	—
Cash flow from operations	**4,205,365**	4,068,930
Change in non-cash operating working capital	**335,255**	(387,570)
	4,540,620	3,681,360
Investments		
Capital assets	**(5,125,247)**	(3,668,770)
Investments	**—**	(1,650,000)
Site restoration expenditures	**(57,556)**	(169,010)
Proceeds on disposal of capital assets	**2,861,510**	387,776
Increase in non-cash working capital	**271,703**	116,305
	(2,049,590)	(4,983,699)
Financing		
Issuance of share capital, net of issue costs *(note 6)*	**9,000**	—
Share repurchases *(note 6)*	**(34,590)**	(493,625)
Stock options purchased for cancellation (net of tax)	**(566,923)**	—
Increase (decrease) in long-term debt	**(1,242,000)**	1,242,000
	(1,834,513)	748,375
Increase (decrease) in cash during the year	**656,517**	(553,964)
Cash, beginning of year	**24,983**	578,947
Cash, end of year	**$ 681,500**	$ 24,983
Cash flow from operations per share		
Basic	**$ 0.46**	$ 0.43
Diluted	**$ 0.45**	$ 0.39

See accompanying notes to financial statements.

NOTES *TO FINANCIAL STATEMENTS*

Years ended December 31, 2001 and 2000

1. Basis of presentation

Globex Resources Ltd. ("Globex" or the "Corporation") was incorporated pursuant to the provisions of the *Alberta Business Corporation Act* on August 18, 1997.

2. Significant accounting policies

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant policies summarized below:

(a) Capital assets

The Corporation follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves are capitalized into a single Canadian cost centre. Such costs include land acquisition costs, costs of drilling both productive and non-productive wells, geological and geophysical expenses, well equipment and directly related overhead expenditures. Gains or losses on the sale or disposition of petroleum and natural gas properties are not ordinarily recognized in earnings except under circumstances, which result in a major revision of depletion rates.

Capitalized costs are depleted using the unit-of-production method based on estimated proved reserves of petroleum and natural gas before royalties as determined by an independent engineer. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude petroleum based on the approximate relative energy content.

The lesser of cost and fair market value of unproved properties is excluded from the depletion calculation. These properties are assessed periodically to ascertain whether impairment has occurred.

When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of impairment is added to the costs subject to depletion.

The Corporation applies a "ceiling test" to capitalized costs to ensure that such costs do not exceed future net revenues from estimated production of proved reserves, using prices and costs in effect at the Corporation's year-end. Future net revenues are calculated after deducting general and administrative costs, financing costs, income taxes and future site restoration and abandonment costs. Where proved reserves are acquired at a price greater than the related ceiling test amount, and where the excess is not considered to represent a permanent impairment in the value of the acquired property, the Corporation will not write-down the carrying value of its petroleum and natural gas capitalized costs for a two year period.

Substantially all of the Corporation's exploration and production activities are conducted jointly with others and accordingly, the accounts reflect only the Corporation's proportionate interest in such activities.

(b) Future site restoration

Estimated future site restoration costs are provided on a unit-of-production basis. The provision is based on estimated current costs of complying with existing legislation and industry practice for site restoration and abandonment. The annual charge is included in the calculation of net earnings. Actual future site restoration expenditures are charged to the accumulated provision as incurred.

(c) Measurement uncertainty

The amounts recorded for depletion and depreciation of capital assets and the provision for future site restoration costs are based on estimates. The ceiling test calculation is based on such factors as estimates of proved reserves, production rates, oil and natural gas prices and future costs. By their nature, these estimates are subject to measurement uncertainty and may impact financial statements of future periods.

(d) Long-term investments

Long-term investments are recorded at cost unless the investment has suffered a decline in value that is other than temporary. Dividends from these investments are included in earnings when received.

(e) Income taxes

Effective January 1, 2000 the Corporation adopted the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" and are measured using the current, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(f) Stock-based compensation plan

The Corporation has one stock-based compensation plan, which is described in note 6. No compensation expense is recognized for this plan when stock options are issued. Consideration paid on exercise of stock options is credited to share capital.

(g) Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

3. Long-term investments

At December 31, total investments are recorded at the lower of cost and market value. Market value is based on the closing market price of the shares on the last trading day of the year.

	2001		*2000*	
	Cost	**Market Value**	*Cost*	*Market Value*
Asia Pacific Oil Ltd.	**$ 100,000**		$ 100,000	
Corridor Resources Inc.	**1,650,000**	**$ 2,925,000**	1,650,000	$ 2,025,000
	$ 1,750,000		$ 1,750,000	

4. Capital assets

	2001	*2000*
Petroleum and natural gas properties	**$10,884,123**	$ 7,067,008
Accumulated depletion and depreciation	**(2,689,937)**	(1,400,981)
	$ 8,194,186	$ 5,666,027

Overhead expenditures directly related to petroleum and natural gas properties, in the amount of $169,000, have been capitalized in 2001 (2000 – $169,000).

Costs of unproved properties of $1,310,119 (2000 – $267,000) have been excluded from costs subject to depletion and depreciation.

At December 31, 2001, the estimated future site restoration costs to be accrued over the remaining life of the reserves are $1,098,400 (2000 – $1,349,700).

A ceiling test calculation as at December 31, 2001 indicated that the estimated future net revenues from proved reserves exceeded the net book value of the Corporation's petroleum and natural gas properties. The ceiling test is a cost recovery test and not intended to result in an estimate of fair market value. The prices used in the ceiling test were based on year-end Canadian field prices at December 31, 2001 being $22.70 per barrel of crude oil and $3.25 per mcf of natural gas.

5. Long-term debt

As at December 31, 2001, the Corporation had a revolving production credit facility in the amount of $4,600,000 due on demand, which bears interest at a Canadian chartered bank prime rate plus one percent. As collateral for the credit facility, a general assignment of book debts and a $10,000,000 demand debenture secured by a first floating charge over all assets of the Corporation has been provided. The loan is subject to an annual review.

6. Share capital

The Corporation has an unlimited number of common shares authorized for issuance.

(a) Issued and outstanding

	Number of Shares	***Amount***
Balance, December 31, 1999	9,866,500	$ 2,978,700
Repurchased on normal course issuer bid *(note 6(d))*	(666,500)	(201,216)
Balance, December 31, 2000	9,200,000	2,777,484
Issued on exercise of options	20,000	9,000
Repurchased on normal issuer bid	(33,000)	(9,972)
Balance, December 31, 2001	**9,187,000**	**$ 2,776,512**

(b) Outstanding options

The Corporation has an Employee Incentive Stock Option Plan (the "Plan"), which is administered by the Board of Directors of the Corporation. All directors, officers, employees and certain consultants of the Corporation are eligible to participate in the Plan. Under the terms of the Plan, the Corporation has reserved an amount of common shares for options equal to 10% of the issued and outstanding shares of the Corporation to a maximum of 985,000 shares. At the last annual and special meeting of shareholders held on June 21, 2001, shareholders approved a new stock option plan. Under the new plan, holders of stock options have a "Put Right" to cause the Corporation to purchase for cash vested options for cancellation at a price per option equal to the then current market value of common shares less the exercise price per share. The Corporation may, at its discretion, decline to accept the exercise of a Put Right. On June 22, 2001, all of the option holders holding in aggregate 965,000 options to purchase an equivalent amount of common shares of the Corporation from treasury exercised the Put Right. The Corporation considered the acceptance of the Put Rights to be in the best interest of its shareholders and accepted the Put Rights that were exercised. As a result, the Corporation disbursed $837,900 in exchange for the cancellation of the then existing stock options. An amount of $566,923, which is net of current income tax relief of $270,977, has been charged directly to retained earnings. The following table summarizes transactions during the past two years pursuant to the Plan:

	2001		2000	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	**985,000**	**$ 0.63**	985,000	$ 0.63
Exercised during the year	**(20,000)**	**0.45**	—	—
Options repurchased and cancelled	**(965,000)**	**0.63**	—	—
Options granted	**800,000**	**1.50**		
Outstanding and exercisable, end of year	**800,000**	**$ 1.50**	985,000	$ 0.63

	2001	2000
Options exercisable at $0.45 – repurchased	—	100,000
Options exercisable at $0.45 – repurchased	—	50,000
Options exercisable at $0.66 – repurchased	—	835,000
Options exercisable at $1.50 (expiry date June 25, 2006)	**800,000**	—
	800,000	985,000

(c) Escrow shares

As a result of listing the common shares of the Corporation on the TSX Venture Exchange, there was a requirement that 2,840,000 shares be held in escrow at December 31, 1998. The shares are to be released as to one-third each year, beginning November 1, 1999. At December 31, 2000, the balance to be released was 946,668. These were released in 2001.

(d) Normal course issuer bid

Subsequent to December 31, 2001, the Corporation has received approval from the TSX Venture Exchange to purchase up to 458,252 common shares of the Corporation under the normal course issuer bid. The normal course issuer bid will expire in March 2003. For the year ended December 31, 2001, the Corporation purchased 33,000 (2000 – 666,500) common shares under similar arrangements.

7. Income taxes

Effective January 1, 2000, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. The new method was adopted retroactively without restatement of prior period financial statements. On adoption, retained earnings were reduced and future income taxes were increased by $385,809. The effect on prior year's earnings and earnings per share was not materially different for 2000.

The provision for taxes differs from the result which would have been obtained by applying the Canadian combined federal and provincial tax rate to net earnings before taxes. The difference results from the following items:

	2001	2000
Earnings before taxes	**$ 4,613,544**	$ 3,716,508
Combined federal and provincial tax rate	**42.8%**	44.6%
Computed "expected" tax	**$ 1,974,597**	$ 1,657,563
Increase (decrease) in taxes resulting from		
Royalties and other payments to provincial governments	**438,328**	500,386
Resource allowance	**(473,192)**	(497,218)
Income tax rebates and credits	**(23,897)**	(26,128)
Effect of tax rate reduction	**(58,382)**	—
Other	**(8,846)**	57,101
Rate reduction on flow-through share transaction	**—**	(367,950)
Provision for income taxes	**$ 1,848,608**	$ 1,323,754

The components of the net future income tax liability at December 31, 2001 are:

	2001	2000
Future income tax assets		
Future site restoration	**$ 51,508**	$ 21,229
Share issue costs	**6,241**	16,969
	57,749	38,198
Future income tax liabilities		
Petroleum and natural gas properties	**2,744,756**	1,206,257
Long-term investments	**353,059**	367,950
	3,097,815	1,574,207
Net future income tax liability	**$ 3,040,066**	$ 1,536,009

8. Supplemental cash flow information

		2001		2000
Cash paid				
Interest	$	58,913	$	63,718
Taxes		543,288		180,000

9. Related party transactions

During the year, the Corporation paid $269,592 (2000 – $269,234) for third party professional services, management services, office space and administrative services in the normal course of operations to companies in which one director has interests. These services are charged on a cost-sharing basis.

Included within accounts receivable is $40,220 owing from a company owned by one of the directors of the Corporation. This balance relates to joint venture activities in the normal course of operations.

10. Commitment

The Corporation has an agreement to farm-in on three exploration licences in New Brunswick. Under the terms of the letter of intent, the Corporation committed to spend $2 million on exploration activities by December 2002 in order to earn a 50% working interest in the licences. The Corporation has spent $1,310,119 to December 31, 2001. Subsequent to year-end, the $2,000,000 commitment was completed.

11. Financial instruments

The Corporation's financial instruments are cash, accounts receivable, current liabilities and long-term debt.

(a) Fair values of financial assets and liabilities

The estimated fair values of financial instruments approximate their carrying amount due to the short-term maturity of those instruments and the floating interest rate on the long-term debt.

(b) Credit risk

A substantial portion of the Corporation's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks.

DIRECTORS *AND OFFICERS*

Ash Bhasin, B.A., LL.B.

President, C.E.O, Director and C.F.O., with over 30 years oil and gas industry experience, including 25 years with Gulf Canada Resources Limited in senior management roles.

George de Boon, B.Sc., P.Eng.[2]

Vice President, Chief Operating Officer, Director and Corporate Secretary, with 30 years of oil and gas experience in engineering, evaluation and operations in Western Canada and internationally.

Dinesh Dattani, C.A.[1, 2, 3]

Director, with over 20 years experience in senior financial executive positions with international oil and gas companies. Dinesh is a director of a number of private and public companies and is the President of Double D Ventures Inc. a venture capital corporation.

Roger Rector, Ph.D., P.Geol.[1, 2, 3]

Director, with over 30 years experience in geology, geophysics and international management. Roger was previously Vice-President, International with Gulf Canada Resources Limited.

1 Member of the Reserves Committee

2 Member of the Audit Committee

3 Member of the Compensation Committee

KEY *PERSONNEL*

Paul Miller, B.Sc., P.Geol.

Exploration Manager, is a geological consultant with over 25 years experience in Western and Eastern Canada and internationally.

David Wandzura, B.Sc., P.Eng.

Operations Manager, is a drilling and operations engineer with over 25 years experience in Western Canada and internationally.

Brenda Mayder

Land Manager, has over 30 years industry experience primarily in Western Canada.

Greg Marsden, C.M.A.

Finance Manager, is a Certified Management Accountant with over 25 years experience, including the last 19 years with public oil and gas companies.

INVESTOR *RELATIONS*

Ash Bhasin

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The Annual General Meeting of Shareholders will be held on Thursday, June 20, 2002 at 3:00 p.m., at the 400 Club, 710 – 4th Avenue SW, Calgary. All shareholders are encouraged to attend. Those unable to do so are requested to sign and return the proxy form mailed with this Report.

Abbreviations

bbl	barrel
mbbls	thousand barrels
mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
NGL	natural gas liquids
boe/d	barrels of oil equivalent per day (6 mcf/d = 1 boe/d)

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